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C O N F I D E N T I A L SECTION 01 OF 05 KATHMANDU 000657

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STATE FOR SA/INS STATE ALSO PLEASE PASS USAID/DCHA/OFDA MANILA PLEASE PASS USAID/DCHA/OFDA LONDON FOR POL/REIDEL NSC FOR MILLARD

E.O. 12958: DECL: 04/07/2013 TAGS: PTER PGOV CASC NP

SUBJECT: CEASEFIRE BRINGS UNEASY PEACE TO NEPAL'S NORTHEAST

REF: A. 02 KATHMANDU 1970 18. 02 KATHMANDU 2151 10. 02 KATHMANDU 914

Classified By: DCM Robert K. Boggs for reasons 1.5(b,d)

On an April 2-3 trip to northeastern Dolakha ¶1. Summarv: district, Poloff and PolFSN met with civil servants, police and local business owners. The district has remained quiet since the January 29 declaration of nationwide cease-fire, though some non-violent Maoist activities continue. Civil servants are returning to most villages, and government services are resuming, leading most locals to assume that lasting peace is at hand. Contacted sources said that international pressure, internal dissatisfaction and supply problems have contributed to the willingness of the Maoists to negotiate. Sources also stated that Maoist support in the district derives exclusively from fear, and that international pressure will be necessary to ensure that Maoist leaders accept election results. Hope for peace in the district sometimes borders on desperation, and is coupled with a strong anxiety about what to do with the now-armed Maoist soldiers. Local leaders say that Maoist cadres expect to be absorbed into the Royal Nepal Army as part of any eventual peace agreement. End summary.

SECURITY SITUATION: LIVE AND LET LIVE

- 12. (U) On April 2 and 3, PolOff and PolFSN met with government leaders and business owners in northeastern Dolakha district, seeking information about local conditions since the January 29 declaration of a cease-fire between the Government of Nepal (GON) and Maoist insurgents. Prior to the cease-fire, Dolakha had experienced a relatively high level of Maoist activity for the Eastern region, though the number of reported killings--approximately 50--is less than in some surrounding districts. All police posts but two were destroyed in the seven-year insurgency, along with all post offices. The District Headquarters at Charikot was the target of several small-scale attacks that damaged nearby buildings. In Jiri, the district's second largest town, Maoists destroyed an MI-17 helicopter in a night-time raid, shot and killed a political activist in the crowded central market, and robbed the main bank in broad daylight. In October 2002, Maoists did approximately USD 1 million damage to the Norwegian-financed Khimti Hydropower plant on the district border (ref A). The district's highways were the scene of several attacks on civilian vehicles, including a November 2002 landmine attack on a crowded passenger bus (ref B) and a May 2002 attack on a Pepsi truck (ref C). in Charikot (including GON civil servants, police and local politicians and business leaders) indicated that Maoists have often used Dolakha as a staging ground for attacks into neighboring districts, because of its central location and good roads.
- 13. (C) Since the declaration of a nationwide cease-fire, the local Maoists have been living in an uneasy truce with government forces and the population. There have been no reported violations of the code of conduct, but according to Deputy Superintendent of Police (DSP) Thakur Ram Bartaula, armed Maoist cadre still patrol some areas of the district in combat dress, demanding food and shelter from villagers. Police and Royal Nepal Army (RNA) personnel from the two remaining police and army posts do not typically venture more than 15-20 kilometers away from their post on patrol, returning home each night and deliberately avoiding Maoist-populated areas in order to preclude the possibility of a clash that might upset the peace. Activity by the security forces has focused on preserving the telecommunication infrastructure remaining in Charikot, and on "dominating" the Jiri-Kathmandu highway. Curfews have been abolished.
- 14. (SBU) There are 17 suspected Maoists in police custody in Charikot. Representatives of INSEC, a human rights NGO affiliated with the Communist Party of Nepal-United Marxist Leninists (UML), insist that only a few are 'actual' Maoists, and the rest are either unfortunate villagers who were

coerced into Maoist activity, or are simple cases of mistaken identity. In one case, the human rights group alleges, a woman has been jailed for 14 months because her husband is a known Maoist. No charges have been filed against any of the detainees.

MAOISTS HOLD MASS MEETINGS, CONTINUE EXTORTION

- 15. (C) Bartaula reported that Maoists have held several mass meetings since the start of the cease-fire. Police intelligence suggests that the meetings have been attended by Maoist supporters, criminals, locals dissatisfied with their own political parties and some villagers afraid of retribution if they do not attend.
- 16. (C) Some businesses, schools and travelers have reported continued Maoist extortion after the cease-fire, but others have been successful in refusing to pay. One hotel owner explained that when a Maoist asked him for a "donation," he simply stated that such things weren't allowed under the cease-fire. Even before the truce, some organizations in Dolakha had managed to negotiate their own agreements with the Maoists. A large technical school in Jiri remained open throughout the State of Emergency by convincing local Maoist commanders that the practical training they offer is the type of education the Maoists should support. A community school in the same town, established by parents when the local private boarding school was forced to close by the insurgents, came to much the same arrangement. A U.S.-affiliated medical research station got Maoist "permission" to remain open because their clinic provides free services to villagers.

GOVERNMENT SERVICES RETURNING TO VILLAGES

17. (SBU) Chief District Officer (CDO) Chandeshwore Acharya told PolOff that most Village Development Committee (VDC) Secretaries who had taken shelter in Charikot have returned

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- to their villages. (Note: VDCs are the smallest unit of local government. End note.) Those secretaries whose VDCs are heavily populated by Maoists remain in the District Headquarters. Almost all teachers have returned to their schools and are holding classes, though Acharya suspects that some teachers may be paying extortion money to the Maoists in order to stay at their posts. Programs such as family planning clinics, distribution of government funds to the elderly and agricultural development assistance have returned to some VDCs. Mail service reportedly has been restored in all VDCs, though not all postal buildings have been rebuilt.
- 18. (SBU) Though road construction projects continued throughout the State of Emergency, other development work had been stalled by the lack of government representatives in villages. According to Local Development Officer (LDO) Gopi Khanal, work has resumed on conservation, telecommunication, microenterprise and other projects throughout the district. On April 2, the Local Development Office was full of applicants for volunteer positions as project coordinators.

POLITICAL OPINION DIVIDED

- 19. (SBU) The Charikot office of the UML has organized a "Campaign for Peace and Democracy," a road show of joint meetings including speeches by both UML and Maoist local leaders. Though UML representatives told PolOff that they had "pressed the Maoists very hard" on their record of violence and terrorism, INSEC representatives who attended one of the organized meetings said that Maoist commanders refused to apologize for their activities during the insurgency. "Whatever we did, we did," the local commander reportedly stated in a speech at the event. "That was all during the war, and we're not going to apologize."
- 110. (SBU) When asked how local UML representatives viewed the decision of their party's central leadership to talk with Maoist ideologue Baburam Bhattarai, given the kidnapping, torture and murder of several UML party workers in Dolakha, UML local party secretary Ananda Pokharel attributed the move to "diplomatic relations." The UML wants to convince the Maoists to give up violence in favor of politics, he said. Rather than ostracizing the insurgents, the UML wants to provide "a warm lap" into which the rebels can climb. Pokharel also called on the King to work together with political parties in order to preserve democracy. "The parties are coming together," in his estimation, "but there is still a big gap between the Palace and the parties. The King should come a little bit down to us."
- 111. (SBU) Not all local representatives were as supportive of policies from Kathmandu. In Jiri, where politicians are also

hotel owners and trekking guides, Nepali Congress (NC) and UML representatives were openly critical of their parties' leaders. "The leadership may blame the King for their problems, but they caused their own troubles by not getting along, and by focusing too much on the (Prime Minister's) chair," said a former VDC representative for Nepali Congress. "Here in Jiri, at election time, we all have our own flags and our own slogans, and there are differences among us. But after the election, we come together to work for the good of the people. If the politicians at the center can't figure that out, they should come here and learn from us." Other local leaders of the predominantly UML town nodded in agreement. "Peace is the most important thing," said one. "People don't care about an all-party government or restoration of the former Parliament. They just want to be able to run their businesses and move around freely."

LOCALS LIVE IN FEAR, HOPE FOR PEACE

- 112. (U) The cease-fire has raised hopes that peace is on the horizon. People in Jiri are pleased to see tourists passing through again, and children in Charikot feel safe enough to walk through town at night. With peace potentially so close, the thought of returning to the curfews and terror that existed prior to the cease-fire is not something that the people of Dolakha care to contemplate. "The peace talks have to succeed," said DSP Bartaula, echoing the sentiments of government workers and private businessmen alike. "There is simply no other option."
- 113. (SBU) Nevertheless, some villagers have been slow to leave the safety of the District Headquarters to return to their farms. Maoist commanders in the region reportedly have told villagers that they will be safe if they return home, but few people trust their motives. According to contacted sources, fear is the insurgents' only source of support. "People in Dolakha support the Maoists not from the heart, but because of their guns, " said LDO Khanal. "If they surrender their guns, only one or two percent of the population will support them." Local UML leadership agreed. "If you take away their guns, the Maoists won't get a single seat in any election," said Ananda Pokharel. "Their support is based only on fear."

DOLAKHA'S MAOISTS FACE PRESSURE FROM INSIDE AND OUT

- 114. (U) When asked why the Maoists have elected to pursue peace talks, all respondents cited growing international pressure as the primary impetus toward a cease-fire. They also said that continued pressure would be necessary in order to ensure that the Maoists accept the results of democratic elections.
- 115. (C) In addition, internal pressure may have played a role in forcing the Maoists to seek a settlement. According to DSP Bartaula, police intelligence sources have reported food problems and financial problems among the Maoists. Local villagers are simply running out of resources to extort. At the same time, said the DSP, the improved standard of living of some Maoist commanders has caused a great deal of resentment among the rank and file. The only Maoist leader to be killed in the district bought a farm and started building a house shortly before his death. Most locals believe that he was subsequently killed by his own dissatisfied troops.

PROBLEMS APLENTY IF PEACE BREAKS OUT

- 116. (SBU) Though they assume that peace is necessary and therefore a given, local leaders are quick to point out a host of problems that may arise in the future. Of primary concern is the fact that the rank and file Maoists in Dolakha are convinced that if there is a permanent cessation of hostilities, they will be given positions in the Royal Nepal Army. The CDO's office has seen a sharp increase in the number of Maoists requesting citizenship cards, presumably for eventual enlistment. According to INSEC, most villagers are equally convinced. Their concern is not whether the Maoists will be brought into the RNA, but rather how the reorganization will be accomplished. "If the Maoist army is just left as it is," warned the INSEC representatives, "peace will not come smoothly."
- 117. (C) It won't come smoothly for a number of reasons, according to contacted sources. One possibility is that some Maoists simply may not obey orders to stop fighting; another is that some Maoists may keep their weapons and turn to a life of crime. "The economy is hard in Dolakha," said the CDO. "A Maoist without a rifle has no chance to make a living here at all. But once he has a gun, he can get a lot of things." Maoists who stop fighting will face problems other than economic, say police and human rights activists.

Those who were directly involved in extortion, kidnappings and murder will be recognized, and may face retribution. DSP Bartaula asked one Maoist prisoner why his brother, a local unit commander, hadn't returned to his village following the cease-fire. The prisoner reportedly replied, "He used to bring 40 or 50 Maoists there to eat all the food. If he goes back now, they'll break his legs."

COMMENT

- 118. (C) Local leaders in Dolakha are firm in their belief that the Maoists are serious about pursuing lasting peace. The police seem certain that if they can just prolong the cease-fire, the insurgency must necessarily come to an end. However, most of the basis for this strongly held view appears to come from nothing but the intense desire for it to be true. Rumors of supply problems and dissatisfaction among the Maoist soldiers, while offering some insight into difficulties faced by the insurgents, do not prove that they have lost their ability or their will to fight.

 Nevertheless, the only problem that the local leaders were interested in discussing was what to do with the Maoist cadre when the war is over.
- 119. (C) The deliberate optimism in this northeastern district, like the optimism in much of Nepal, is occasionally tinged with a bit of desperation. "The peace talks must succeed this time," is repeated like a mantra to ward off the unspeakable— the possibility that they might indeed fail. If the Maoists really are as weary of war as the citizens of Dolakha, and if the leaders of both sides take heed of that fact, then there is every possibility that peace talks may succeed. If they fail, then whoever is to blame will have a very hard time explaining himself to the people of Dolakha. MALINOWSKI